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ABSTRACT

Rural communities are often dependent upon their agricultural bases, which have undergone drastic changes. For communities to remain viable as economic units certain measures must be taken. Strategic planning can assist communities in assessing their situations and in developing plans and implementation schedules. Initially used in the business and corporate worlds, strategic planning can be used by education, including continuing higher education and the Extension Service to deliver efficient, effective programs. The purpose of this paper is to present a strategic planning model designed to fit small-town community development in group situations. This model focuses on rural communities with populations of 1500 or less and was piloted in three areas of Nebraska. Cooperation between small towns and communities is also part of the model. Non-residential cooperative extension personnel have no preconceived notions about the community and hence can remain objective and neutral in delivering the program. The following six steps constitute the strategic planning process as it is applied to small community development in a group setting: (1) determining who should be involved in the process; (2) determining the geographic area and its needs; (3) analyzing the external environment affecting the area; (4) assessing the area's strengths and weaknesses; (5) analyzing competing areas; and (6) examining potentials for growth and development, assumptions for success, and development of objectives with an action plan. This paper contains 11 references. (ALL)

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Small Community Development in a Group Setting

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Introduction

Rural communities are often quite dependent upon the agricultural base of their area. The past ten years have seen major structural changes take place in production agriculture. The agricultural changes have also had an effect on small rural communities. In many cases, the business community is suffering, community attitudes are poor, population is declining, and certain community services are limited.

Retail sales have declined sharply in the smaller rural communities compared to urban areas (Johnson, 1988). "Pull factor" is a measure of the ability of a town or city to "pull" retail sales. A pull factor number of 1 means that retail sales are equal to the population of the town or city, while a number less than 1 means that "leakage" of retail sales exists. For example, in Nebraska, towns of 500 and less population have, on the average, seen a decline in pull factors from .997 in 1975 to .613 in 1987. This is a 38.5% decline in retail sales for that twelve year period. Towns of 500-999 had a decline from 1.029 in 1975 to .613 in 1987, a decline of 27%. The trend appears to indicate that consumers are buying products and services elsewhere or are moving away from the community altogether.

For communities to remain viable as an economic unit and offer the way of life that many people prefer, certain measures must be taken to cope with the changes. Several steps must be taken to assure any possibility of success. These steps could be in the form of a strategic plan for the communities. The process can assist communities not only in assessing their situation, but also aid in developing a plan and implementation schedule for needed changes.

Problem Situation

Small rural communities know they are having numerous problems. It is easy to see population dwindling, businesses closing and attitudes deteriorating. The difficulty lies in being able to slow, stop or reverse the trends. Strategic planning is something that many people have heard of, but know very little about. It has often been thought to be something that only businesses can use.

Nebraska is thought to be a rural agricultural state and U.S.D.A. figures (Green, 1985) bear this out as 57 of the 93 counties are termed agriculturally dependent counties. Nebraska has more agriculturally dependent counties than any other state in the United States. This generally is associated with sparse populations, small towns and relatively low income.

Expertise is often not available in the rural communities to implement a strategic planning process and funds are usually not available to afford consultants who do strategic planning. In addition, misconceptions of the process are also present in the minds of the decision makers. The purpose of this paper is to present a strategic planning model designed to fit small town community development in group situations.

How Strategic Planning Fits

Developing a strategic plan for communities is a relatively new concept, but the process is an old one that has existed for many years in business and corporate planning. According to Guth (1985) the objective of strategic planning in business is to improve business performance as measured by return on equity and assets, growth in earnings, and shareholder value. The time frame of business planning runs from the short term (one year) to the long term (5 to 10 years). Hayden (1986), in a historical overview of strategy planning, illustrated how this planning process changed from the 1700s, with a simple

economy; through the 1800s, when more specialization in business developed; to the 1900s, where much literature has been developed on strategic management and the planning process.

Strategic planning for non-profit organizations such as community development groups, can be an important element of success. Strategic planning is often thought to be some sort of magical process that will automatically guarantee results. Actually, the process is rather simple in that it acknowledges where the organization wants to go and how it is going to get there. Strategic planning defines organization-wide goals, directions and a plan for success (Espy, 1986).

There is often much reluctance by community groups to engage in a planning process. Several reasons usually surface for not entering into the strategic planning process. The reasons include: not knowing where to start, not having enough expertise, really don't need to plan, it's too expensive, our staff is too small, and we can't really make a difference anyway.

Many reasons also exist for justification of the strategic process. Benefits that communities can derive include: creating a future, allocating resources, dealing with competitors, coordinating efforts of people, raising money and building teams. Espy, in 1986, also cautioned that strategic planning will not be successful without commitment, the desire to change and the ability to fit the plan to needs of the area.

Developing a Strategic Planning Process

The actual process of strategic planning can take many varied forms. However, while different, each form contains the same basic procedures. Gardner, in 1986, said that a strategic planning model should contain three essential components.

1. Action plans and resource commitments.
2. Specific implementation steps.
3. Performing measures for feedback and evaluation.

Willard, in 1986, while discussing using a strategic planning process for continuing education programs, said the process is very similar to running a business. According to Willard, the plan is used to achieve objectives and should include:

1. A look at present strategies and programs.
2. Evaluating current and evolving strategies.
3. Scanning the external environment.
4. Brainstorming for new ideas.
5. Developing specific objectives.
6. Determining how to market to the target area.

The strategic planning system can assist not only in ensuring the survival of an organization, but also in its effectiveness according to Camillus (1986). The strategic plan should include:

1. The organization's mission.
2. The long term objectives.
3. The competitive strategy.
4. Organizational policies.
5. Needed resources.
6. Key assumptions.

William Guth, in 1985, discussed formal strategic planning systems and how they should be organized. He says that the plan should have a focus; contain content that applies to the situation and create commitment, linkages and flexibility. The why, what, who, when and how questions need to be answered.

These basic questions apply to the various parts of the planning process.

1.	Why?	_____	Strategic focus and planning.
2.	What?	_____	Content of the plan.
3.	Who?	_____	Commitment of people.
4.	When?	_____	Time to complete planning.
5.	How?	_____	Specific action plans.

Finally, Peter Lorange (1982), discussed nine factors relating to the strategic process that should be communicated to all who will be involved. First, the benefits of the plan must be clear to everyone involved. Second, the planning concepts must also be understood by all. Third, the sequence of events must be clear and broken into small, understandable units. Fourth, the planning process should be tied to some past experience for a higher probability of success. Fifth, the sponsor should be clearly identified. Sixth, the need for the planning process should be perceived as important. The seventh factor is that some results should be produced relatively quick. An eighth factor is that the program should be endorsed by important individuals in the power structure. Finally, the ninth factor is the commitment of top management or top officials to free up resources for the project.

A Model for Strategic Planning

Rural communities are definitely experiencing stress in several areas. The "farm crisis" of the early 1980s could be more accurately described as a rural community problem (Sundet 1988). The relationships between agriculture, agribusiness, rural businesses and individuals is one that encompasses the entire community. Residents of rural communities may have a bleak outlook but still value the quality of life that they possess. The people in the communities, including the farmers or ranchers, generally desire to stay where they are if possible.

Self help models have been tried (Scott, 1988) with limited to poor success in small rural communities. While those who may have received training were able to get jobs elsewhere, the communities were not able to achieve stated goals. If self help programs are to be effective, a certain level of human capital should be present or in the process of being developed in the community.

This particular community development model is designed to focus primarily on rural communities of 1500 population or less in group situations. In Nebraska, there are over 400 communities that have a population of 1500 or less. The model also presumes that an adequate human capital base does not exist for a "self-help" type of program. Therefore, the program is facilitated by a trained person from outside the community. The model is designed to assist in the development of people as an important step in the process, as well as develop a strategic plan for community development.

The program can quite easily be delivered and facilitated by cooperative extension personnel who do not reside in the community. Having facilitators from outside the community may be one of the primary reasons for the model's success. Outsiders should have no predetermined prejudices toward people, facilities or possibilities. The facilitators should also be able to conduct planning workshops in a neutral manner. Also, the facilitators should have no vested interest in the community or people in the community. With a neutral, relatively unbiased facilitator, the local people should feel more comfortable about making comments or stating ideas. This will allow for more openness and freedom in community people taking ownership of the process. The facilitator is really more like a mediator or referee in assisting the process.

Another important aspect of this model is the involvement of several towns in the planning process. If communities are to have an opportunity to survive and achieve goals, it will likely be only if they learn to work and share with neighboring communities. The economic base of one small community does not

allow for support of many services or businesses in this modern world. However, if three or four communities work together, the base can be large enough to support much more in the extended community.

The model consists of six major portions and is currently being implemented in three areas of Nebraska. Each of the pilot areas consists of three or more small communities working together to achieve individual and group objectives. The objectives generally deal with business or service activities that will assist the communities to provide for their residents. Little emphasis is placed on attracting industry or other large economic development projects. This does not mean that the communities are not going to work on economic development, just that the higher priorities deal with activities from within the community, including economic development.

Small Community Development in a Group Setting

Before the process can commence, the local extension agent, interested citizens, or community officials must surface some interest in a community development process. Once the interest is identified, the process can begin with a community-wide meeting conducted by the outside facilitator. The entire process will require six to eight workshops, generally held in evenings from 7:00pm to 10:00pm. The workshops will be held with one to four weeks between them, depending upon the desires of the communities. Workshops are usually held in a rotating method between the towns cooperating. This increases the probability of participation by more people in the communities and assists in breaking down the barrier of mistrust. After the initial series of workshops are completed, workshops are held every three to six months to evaluate and re-assess progress of the community plan.

The following six steps constitute the strategic planning process as it is applied to small community development in a group setting.

Step 1 - Who should be involved in the process. This particular step deals with building a base of people who should be involved in the process. Successful community development will involve a wide variety of people from the towns and rural areas. People of all ages, incomes, and walks of life should be involved in the process, and skills in dealing with such a variety are necessary for good facilitation. It is important to keep everyone involved and returning for future workshops. This first step is one that is a continuing process which should go on throughout the planning program. Recruitment of interested people should never cease.

Step 2 - Determining the geographic area and its needs. In this phase of the program, the participants actually draw a map of the geographic area to be served. This includes all of the towns and their populations. From this, basic economic data on the area can be determined and some sort of economic base established. As a part of this step, an assessment is made of each town in regard to industries, unique capabilities, and any other unique information that might be pertinent.

Step 2 also includes a needs assessment of the overall community. This includes a review of the population, income levels, educational levels and workers that are present. Then an assessment is made of the types of employment desired, services and businesses needed, and what types of firms would be compatible in the area. This step is completed with a listing of the five major needs and their priorities.

Step 3 - Analyzing the external environment affecting the area. General world, national, and state conditions are discussed that might have some effect on the community. This might include trade balances, value of the dollar,

citizen attitudes, taxes, and demographic trends. Local conditions that might be discussed include local markets for products or services, labor supply, transportation, healthiness of existing businesses, and general attitudes. Finally a discussion is held on the local competitive situation including services or products that are not available in the area. The discussion also includes an analysis of competitive areas and their strengths and weaknesses in general.

Step 4 - **Assessing the area's strengths and weaknesses.** Strengths and weaknesses are assessed in four major areas; people, markets, existing resources, and financial areas. People assessment includes experience, number of leaders, quality and quantity of labor, demographic trends and willingness of people to participate. The markets section deals with image of the area, volume of traffic or retail pull factors, geographic characteristics, and access to help from others. The third area, resources, deals with such things as the availability of retail space, access to raw materials, access to products for resale, storage available, and cost of labor. The final area, finances, deals with an assessment of financial institutions in the area, investment or disinvestment in the area, capacity to leverage funds, profitability of businesses and the commitment of people in the area to invest in development.

Step 5 - **Analysis of competing areas to this development process.** Who does the area actually compete with and in what areas. The strengths and weaknesses of competing areas or regional trade centers are analyzed in a systematic manner. This step also examines any possibilities that may exist to cooperate or network with the competing areas.

Step 6 - **Potentials for growth and development, assumptions for success and development of objectives with an action plan.** The first portion of this step looks at likely expansion areas. Enough information has usually been gathered by this time to make sound assessments on products, services,

manufacturing, processing or any other possibilities that might be present. Assumptions for success include examining resources needed and what is available. Assumptions must be made regarding assistance by people and other resources from both inside and outside the development area. The whole process culminates in the setting of objectives (long term goals) and developing an action plan (short term goals). Goals or objectives include standard ones, ones that are problem solving and innovative ones. Only five or six long term goals or objectives are developed. More than five or six will weaken already limited resources and may cause many problems in achieving success.

The action plan or short term goals are limited to five or six for each of the long term goals or objectives. The action plan is designed to assure some easily attainable actions that will increase enthusiasm in the group. Early enthusiasm and success normally translates into a successful program.

Results of a Pilot Program

The above model has been tested in three pilot areas in Nebraska, starting in May 1988. One of the projects involved three small communities in South Central Nebraska. The town are Roseland, population 254; Holstein, population 230; and Bladen, population 180. The group organized with the help of the local county extension agent and an extension specialist from the University of Nebraska at Lincoln. The extension specialist facilitated seven strategic planning workshops following the model presented in this paper. The first workshop was conducted in May 1988 and the seventh was held in October of 1988. In addition, a personality preference workshop was conducted with the group in January 1989. A series of re-assessment and evaluation workshops is in progress at present with each town individually, and with the overall group. The group named itself the Greater Silver Lake Development Association (G.S.L.D.A.) and participants were involved from all three communities. Goals or objectives

established by the group included assisting new businesses to start, developing a tourism program for the area, developing a close working relationship with the school system, and assisting with a youth, community and senior citizen center. A fifth goal included examining the possibility of starting a small, homegrown business such as light manufacturing or mail order that would employ 10-15 people. The results of the program are very encouraging, especially in relation to the size of the communities involved. Thus far, seven new small businesses have started, the tourism group has hosted two functions, the group has hosted another community development group tour, a leadership program was held, and a series of business management workshops were conducted. The group was also able to write and receive an economic development grant after the strategic planning process was completed.

Conclusions

Strategic planning is a process that has multiple implications. While it has initially been used extensively in the business and corporate worlds, there are many other applications. Education, including continuing higher education and the Extension Service can very adequately take advantage of the process to deliver more efficient, effective programs.

While strategic planning appears to take many forms, a basic core is almost always present. Analyzing the situation, assessing needs, scanning the environment, and developing specific objectives and actions are present in virtually every plan. The process gives the planner an organized method of analyzing situations and making informed decisions. Business people might orient to profits and cost control while educators may orient to identifying needs, filling those needs and becoming efficient and cost effective.

The process is exciting, yet reliable, and good strategic plans are almost always effective. This type of planning can be utilized by organizations ranging in size from the multi-national corporation to the one person, hometown business. It can be used for manufacturing firms or educational programs. The uses and applications are limited only by ourselves.

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